BY RON LENIS

₩в. No. <u>2808</u>

A BILL TO BE ENTITLED

AN ACT

relating to the development and management of water resources.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 5.504(a), Water Code, is amended to read as follows:

(a) If the commission, the executive director, or the executive director's representative issues an emergency order under this subchapter without a hearing, the order shall set a time and place for a hearing to affirm, modify, or set aside the emergency order to be held before the commission or its designee as soon as practicable after the order is issued. If the emergency order is issued under Section 5.517 or 5.518, the order shall set a time for the hearing not later than the 20th day after the date the emergency order is issued.

SECTION 2. Subchapter L, Chapter 5, Water Code, is amended by adding Sections 5.517, 5.518, 5.519, and 5.520 to read as follows:

Sec. 5.517. EMERGENCY PERMIT TO DIVERT AND USE WATER;

AMENDMENT TO WATER RIGHT. (a) Except as provided by Section 5.506

and after notification to the governor, the commission by emergency
order may issue a permit to divert and use water or amend an
existing permit, certified filing, or certificate of adjudication
for an initial period not to exceed 120 days if the commission
finds that:

- (1) emergency conditions exist that present an imminent threat to the public health, safety, and welfare or the environment and that override the necessity to comply with established statutory procedures; and
- (2) there is no feasible practicable alternative to the emergency authorization. The emergency authorization may be renewed once for a period not to exceed 60 days.
- (b) The executive director may issue an emergency order if an imminent threat to the public health, safety, and welfare or the environment exists that requires emergency action before the commission can take action under Subsection (a) and there is no feasible alternative. If the executive director issues an emergency order under this subsection, the commission shall hold a hearing as provided for in Section 5.504 as soon as practicable but not later than 10 days after issuance of the order to affirm, modify, or set aside the order. The person desiring the emergency order must comply with Section 5.502 before the executive director may act on the request for emergency action.
- (c) The notice requirements of Section 11.132 relating to the time for notice, newspaper notice, and method of giving a person notice do not apply to a hearing held on an application for an emergency order under this section. The commission shall give the general notice of the hearing that the commission considers practicable under the circumstances.
- (d) The commission may adopt rules and impose fees necessary to carry out the provisions of this section.
 - (e) An emergency order under this section does not vest in

the grantee any right to the diversion, impoundment, or use of water and expires by its terms.

Sec. 5.518. EMERGENCY ORDER FOR TEMPORARY TRANSFER OF USE OF WATER RIGHT. (a) The commission by emergency order may grant the temporary transfer and use of all or part of a surface water right for other than domestic or municipal use to a retail or wholesale water supplier for public health and safety purposes.

- (b) The commission may direct the applicant to timely pay the amounts for which the applicant may be potentially liable under this section and to fully indemnify and hold harmless the state, the executive director, and the commission from any and all liability for the order sought. The commission may order bond or other surety in a form acceptable to the commission as a condition for an emergency order under this section. The commission may not grant an emergency authorization under this section that would cause a violation of a federal regulation.
- (c) A person granted an emergency order under this section is liable to the owner from whom the use is transferred for the fair market value of the water transferred and for any damages proximately caused by the transfer of use. If, within 60 days of the termination of the order, the parties do not agree on the amount due, or if full payment is not made, either party may file a complaint with the commission to determine the amount due.
- resolution procedure for a complaint filed under this section.

 After exhausting all administrative remedies under this section, an owner from whom the use is transferred may file suit to recover or

determine the amount due in a district court in the county where the owner resides or has its headquarters. The prevailing party in a suit filed under this subsection is entitled to recover court costs and reasonable attorney's fees.

Sec. 5.519. EMERGENCY WORKS SAFETY ORDER. The commission may issue a mandatory or prohibitory emergency order directing the owner of a dam, levee, or other water-storage or flood-control work to repair, modify, maintain, dewater, or remove a work if the commission finds that:

- will cause extensive or severe property damage or economic loss to others or is posing an immediate and serious threat to human life or health; and
- (2) other procedures available to the commission to remedy or prevent the occurrence will result in unreasonable delay.

 Sec. 5.520. EMERGENCY ORDER FOR OPERATION OF UTILITY THAT

DISCONTINUES OPERATION OR IS REFERRED FOR APPOINTMENT OF RECEIVER.

The commission may issue an emergency order appointing a willing person to temporarily manage and operate a utility under Section 7.403. Notice of the action is adequate if the notice is mailed or hand delivered to the last known address of the utility's headquarters.

SECTION 3. Section 7.004, Water Code, is amended to read as follows:

Sec. 7.004. REMEDIES CUMULATIVE. The remedies under this chapter are cumulative of all other remedies. Nothing in this chapter affects the right of a private corporation. [or]

individual, or political subdivision that has a justiciable interest to pursue any available common law remedy to enforce a right, to abate a condition of pollution or other nuisance, to recover damages to enforce a right, or to prevent or seek redress or compensation for the violation of a right or otherwise redress an injury.

SECTION 4. Subchapter B, Chapter 7, Water Code, is amended by adding Section 7.034 to read as follows:

Sec. 7.034. ATTORNEY'S FEES; COSTS. A district court may award the costs of litigation, including reasonable attorney's fees and expert costs, to any political subdivision of the state, private corporation, or individual that is a water right holder and that prevails in a suit for injunctive relief to redress an unauthorized diversion, impoundment, or use of surface water in violation of Chapter 11 or a rule adopted under Chapter 11.

SECTION 5. Section 7.051(b), Water Code, is amended to read as follows:

- (b) Except as provided by this subsection, this [This] subchapter does not apply to violations of Chapter [117] 12, 13, 16, or 36 [of-this-code7-or-Chapter-3417-Health-and-Safety-Code]. This subchapter does apply to Section 16.236.
- SECTION 6. Section 7.052, Water Code, is amended to read as follows:
 - Sec. 7.052. MAXIMUM PENALTY. (a) The amount of the penalty for a violation of Chapter 18, 32, 33, or 34 of this code or Chapter 366, 371, or 372, Health and Safety Code, may not exceed \$2,500 a day for each violation.

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- (b) The amount of the penalty for a violation under Chapter

 11 may not exceed \$5,000 a day for each violation.
- (c) The penalty for a violation of a rule or order adopted under Section 16.236 may not exceed \$1,000 a day for each violation.
- (d) The amount of the penalty for a violation under Chapter 341, Health and Safety Code, may not be less than \$50 or more than \$1,000 for each violation.
- (e) The amount of the penalty for all other violations within the jurisdiction of the commission to enforce may not exceed \$10,000 a day for each violation.
- (f) [(c)] Each day that a continuing violation occurs may be considered a separate violation. The commission may authorize an installment payment schedule for an administrative penalty assessed under this subchapter, except for an administrative penalty assessed under Section 7.057 or assessed after a hearing under Section 7.058.
- SECTION 7. Section 7.054, Water Code, is amended to read as follows:
- Sec. 7.054. REPORT OF VIOLATION. (a) If, after examination of a possible violation and the facts surrounding that possible violation, the executive director concludes that a violation has occurred, the executive director may issue a preliminary report in accordance with commission rules that includes recommendations regarding any penalty or corrective action.
- (b) A report regarding a possible violation under Chapter 11 must state the facts on which the conclusion was based and

base t	:he	reco	mmended	amount c	of the	e propo	osed pena	alty o	on the	fact	tors
provid	ied	by	Section	7.053	and	shall	analyze	each	factor	for	th€

SECTION 8. Section 7.069, Water Code, is amended to read as follows:

Sec. 7.069. DISPOSITION OF PENALTY. (a) Except as provided by Subsection (b), a [A] penalty collected under this subchapter shall be deposited to the credit of the general revenue fund.

(b) A penalty collected under this subchapter from a public utility shall be paid to the commission and deposited in the water utility improvement account as provided by Section 341.0485, Health and Safety Code.

SECTION 9. Subchapter B, Chapter 7, Water Code, is amended by adding Section 7.076 to read as follows:

Sec. 7.076. COMPROMISE, MODIFICATION, OR REMISSION OF CERTAIN PENALTIES. Notwithstanding any other provision to the contrary, the commission may compromise, modify, or remit, with or without condition, any penalty imposed under this subchapter for a violation under Chapter 11.

SECTION 10. Section 7.102, Water Code, is amended to read as follows:

Sec. 7.102. MAXIMUM PENALTY. (a) A person who causes, suffers, allows, or permits a violation of a statute, rule, order, or permit relating to Chapter 11, 18, 32, 33, or 34 of this code or Chapter 366, 371, or 372, Health and Safety Code, shall be assessed for each violation a civil penalty not less than \$50 nor greater

than \$5,000 for each day of each violation as the court or jury considers proper.

- (b) The amount of a penalty for a violation of a rule or order issued by the commission under Section 12.052 may not exceed \$5,000.
- (c) A person who causes, suffers, allows, or permits a violation of a statute, rule, order, or permit relating to Chapter

 13 shall be assessed for each violation a civil penalty not less than \$100 nor greater than \$5,000 for each day of each violation as the court or jury considers proper.
- (d) A person who causes, suffers, allows, or permits a violation of a statute, rule, order, or permit relating to any other matter within the commission's jurisdiction to enforce, other than violations of Chapter [117] 12, [137] 16, or 36 of this code, or Chapter 341, Health and Safety Code, shall be assessed for each violation a civil penalty not less than \$50 nor greater than \$25,000 for each day of each violation as the court or jury considers proper.
- (e) Each day of a continuing violation is a separate violation.
- SECTION 11. Sections 7.105(a) and (c), Water Code, are amended to read as follows:
- (a) On the request of the executive director or the commission, the attorney general shall institute a suit in the name of the state for injunctive relief under Section 7.032, to recover a civil penalty, or for both injunctive relief and a civil penalty.

 The attorney general may initiate a suit for recovery of a penalty

under this section for a violation under Section 13.414.

(c) Except as provided by this subsection, the [The] suit may be brought in Travis County, in the county in which the defendant resides, or in the county in which the violation or threat of violation occurs. A suit to recover a penalty for a violation of a rule or order issued by the commission under Section 12.052 may be brought in Travis County.

SECTION 12. Subchapter D, Chapter 7, Water Code, is amended by adding Section 7.1075 to read as follows:

Sec. 7.1075. DISPOSITION OF PENALTY COLLECTED FROM PUBLIC UTILITY. A penalty collected under this subchapter from a public utility shall be paid to the commission and deposited in the water utility improvement account as provided by Section 341.0485, Health and Safety Code.

SECTION 13. Subchapter D, Chapter 7, Water Code, is amended by adding Section 7.112 to read as follows:

Sec. 7.112. LIMITATION ON SUIT FOR VIOLATION OF SECTION

11.081. An action to collect the penalty provided by Section 7.102

for a violation of Section 11.081 must be brought within two years

from the date of the alleged violation.

SECTION 14. Section 7.351, Water Code, is amended to read as follows:

Sec. 7.351. CIVIL SUITS. If it appears that a violation or threat of violation of Chapter 16, 26, 28, or 34 of this code or Chapter 341, 361, 371, 372, or 382, Health and Safety Code, or a provision of Chapter 401, Health and Safety Code, under the commission's jurisdiction or a rule adopted or an order or a permit

issued under those chapters or provisions has occurred or is occurring in the jurisdiction of a local government, the local government or, in the case of a violation of Chapter 401, Health and Safety Code, a person affected as defined in that chapter, may institute a civil suit under Subchapter D in the same manner as the commission in a district court by its own attorney for the injunctive relief or civil penalty, or both, as authorized by this chapter against the person who committed, is committing, or is threatening to commit the violation.

SECTION 15. Section 11.0843, Water Code, is transferred to Subchapter C, Chapter 7, Water Code, renumbered as Section 7.077, and amended to read as follows:

Sec. 7.077 [11-0843]. FIELD CITATION. (a) Upon witnessing a violation of Chapter 11 [this-chapter] or a rule or order or a water right issued under Chapter 11 [this-chapter], a watermaster or the watermaster's deputy, as defined by commission rule, may issue the alleged violator a field citation alleging that a violation has occurred and providing the alleged violator the option of either:

- (1) without admitting to or denying the alleged violation, paying an administrative penalty in accordance with the predetermined penalty amount established under Subsection (b) of this section and taking remedial action as provided in the citation; or
- (2) requesting a hearing on the alleged violation in accordance with Section 7.058 [11-0842] of this code.
 - (b) By rule the commission shall establish penalty amounts

corresponding to types of violations of <u>Chapter 11</u> [this-chapter] or rules or orders adopted or water rights issued under <u>Chapter 11</u> [this-chapter].

[(c)-A-penalty-collected-under-this-section-shall--be deposited-in-the-state-treasury-to-the-credit-of-the-general revenue-fund-]

SECTION 16. Section 11.138(a), Water Code, is amended to read as follows:

temporary permits commission issue (a) The may beneficial purposes to the extent that they do not interfere with adversely affect prior appropriations or vested rights on the stream from which water is to be diverted under such temporary The commission may, by appropriate order, authorize any permit. member of the commission to approve and issue temporary permits without notice and hearing if it appears to such issuing party that sufficient water is available at the proposed point of diversion to satisfy the requirements of the temporary permit as well as all existing rights. No temporary permit issued without notice and hearing shall authorize more than 10 acre-feet of water, nor may it be for a term in excess of one year. The commission by rule may authorize the beneficial use, without a permit, of not more than 25 acre-feet of water, for a term not to exceed one year, if the diversion of water will not affect existing water right holders and the user of the water registers the use with the commission in the manner required by the commission.

SECTION 17. Section 11.139, Water Code, is amended to read as follows:

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Sec. 11.139. EMERGENCY AUTHORIZATIONS. [{a}] Except as
provided by Section 11.148 of this code, the commission may grant
an emergency permit, order, or amendment to an existing permit,
certified filing, or certificate of adjudication under Subchapter
L, Chapter 5 [after-notice-to-the-governor-for-an-initial-period-of
not-morethan-120-days-ifthecommissionfindsthatemergency
conditionsexistwhichpresentan-imminent-threat-to-the-public
health-and-safety-and-which-override-the-necessity-tocomplywith
establishedstatutoryproceduresandtherearenofeasible
practicable-alternativestotheemergencyauthorizationSuch
emergency-action-may-be-renewed-once-for-not-longer-than-60-days].
[(b)Aperson-desiring-to-obtain-an-emergency-authorization
underthissectionshallsubmittothecommissionasworm
application-containing-the-following-information:
[+1}adescriptionoftheconditionofemergency

- [(1)--a--description--of--the--condition--of--emergency justifying-the-granting-of-the-emergency-authorization;
- [(2)--a-statement-setting-forth-facts-which-support-the findings-required-under-this-section;
- [(3)--an--estimate--of--the-dates-on-which-the-proposed authorization-should-begin-and-end;
- [(4)--a--description--of--the--action--sought--and--the activity-proposed-to-be-allowed; mandated; -and--the--activity-proposed-to-be-allowed; mandated; mandated; -and--the--activity-proposed-to-be-allowed; mandated; mand
- [(5)--any-other-statements-or-information--required--by the-commission-
- [(c)--If--the-commission-finds-the-applicant's-statement-made under-Subsection-(b)-of-this-section-to-be-correct;-the--commission may--grant--emergency--authorizations--under--this--section-without

notice--and--hearing--or--with--such--notice--and--hearing--as--the commission-considers-practicable-under-the-circumstances:

[+d)--If-the-commission--grants--an--emergency--authorization under-this-section-without-a-hearing--the-authorization-shall-fix-a time-and-place-for-a-hearing-to-be-held-before-the-commission---The hearing--shall-be-held-as-soon-after-the-emergency-authorization-is granted-as-is-practicable-but-not-later--than--20--days--after--the emergency-authorization-is-granted-

[(e)--At-the-hearing;-the-commission-shall-affirm;-modify;-or set-aside-the-emergency-authorization;--Any-hearing-on-an-emergency authorization--shall--be-conducted-in-accordance-with-Chapter-2001; Government-Code;-and-rules-of-the-commission;

[(f)--If-an-imminent-threat-to-the-public-health--and--safety
exists--which--requires--emergency-action-before-the-commission-can
take-action-as-provided-by-Subsections-(a)---through--(c)--of--this
section--and--there--are--no--feasible--alternatives;-the-executive
director-may-grant-an-emergency-authorization-after-notice--to--the
governor:----If---the---executive---director--issues--an--emergency
authorization-under-this-subsection;-the-commission--shall--hold--a
hearing-as-provided-for-in-Subsections-(d)-and-(e)-of-this-section;
The--requirements--of--Subsection--(b)--of--this--section--shall-be
satisfied-by-the-applicant-before-action-is-taken-by-the--executive
director-on-the-request-for-emergency-authorization;

[(g)--The---requirements--of--Section--11-132--of--this--code relating-to-the-time-for-notice;-newspaper-notice;--and--method--of giving--a--person--notice--do--not--apply--to--a-hearing-held-on-an application-for-an-emergency-authorization-under-this-section;--but

such---general--notice--of--the--hearing--shall--be--given--as--the commission;--under--Subsections--(c)--and--(e)--of--this---section; considers-practicable-under-the-circumstances.

[{h}--The--commission--may--grant--an-emergency-authorization under-this-section-for-the-temporary-transfer-and--use--of--all--or part--of-a-permity-certified-filingy-or-certificate-of-adjudication for-other-than-domestic-or-municipal-use-to-a-retail--or--wholesale water--supplier-for-public-health-and-safety-purposes---In-addition to-the-requirements-contained-in-Subsection-(b)--of--this--section; the--commission--may--direct-that-the-applicant-will-timely-pay-the amounts-for-which-the-applicant-may--be--potentially--liable--under Subsection--(j)-of-this-section-and-to-the-extent-authorized-by-law will-fully-indemnify-and-hold-harmless--the--state; --the--executive director, -- and -- the -- commission -- from -any -and -all-liability - for - the authorization-sought---The--commission--may--order--bond--or--other surety--in--a--form-acceptable-to-the-commission-as-a-condition-for such-emergency-authorization---The--commission--may--not--grant--an emergency--authorization--under--this--section--which-would-cause-a violation-of-a-federal-regulation-

[(i)--In-transferring-the-amount-of-water--requested--by--the applicant;--the-executive-director-or-the-commission-shall-allocate the-requested-amount-among-two-or-more-permits;-certified--filings; or---certificates--of--adjudication--for--other--than--domestic--or municipal-use:

[(j)--The-person-granted--an--emergency--authorization--under Subsection--(h)--of--this--section--is--liable-to-the-owner-and-the owner-s-agent-or-lessee-from-whom-the-use-is--transferred--for--the

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fair--market--value--of--the--water--transferred-as-well-as-for-any damages-caused-by-the-transfer-of-user--If7-within-60-days--of--the termination--of--the-authorization7-the-parties-do-not-agree-on-the amount-due7-or-if-full-payment-is-not-made7-either-party-may-file-a complaint-with-the-commission-to-determine--the--amount--due7---The commission--may--use--dispute-resolution-procedures-for-a-complaint filed-under-this-subsection7--After-exhausting--all--administrative remedies--under--this--subsection7--an--owner--from-whom-the-use-is transferred-may-file-suit-to-recover-or-determine-the-amount-due-in a-district-court-in-the-county-where-the-owner-resides-or--has--its headquarters----The--prevailing--party--in--a-suit-filed-under-this subsection-is--entitled--to--recover--court--costs--and--reasonable attorney's-fees-

- [(k)--The-commission-may-prescribe-rules-and-adopt-fees-which are-necessary-to-carry-out-the-provisions-of-this-section-
- [(1)--An-emergency-authorization-does-not-vest-in-the-grantee any--right-to-the-diversion;-impoundment;-or-use-of-water-and-shall expire-and-be-cancelled-in-accordance-with-its-terms;]

SECTION 18. Section 11.173(b), Water Code, is amended to read as follows:

- (b) A permit, certified filing, or certificate of adjudication or a portion of a permit, certified filing, or certificate of adjudication is exempt from cancellation under Subsection (a) of this section:
- (1) to the extent of the owner's participation in the Conservation Reserve Program authorized by the Food Security Act, Pub.L. No. 99-198, Secs. 1231-1236, 99 Stat. 1354, 1509-1514 (1985)

or a similar governmental program; [or]

- (2) if any portion of the water authorized to be used pursuant to a permit, certified filing, or certificate of adjudication has been used in accordance with a regional water plan approved pursuant to Section 16.053 of this code;
- (3) if the permit, certified filing, or certificate of adjudication was obtained to meet demonstrated long-term public water supply or electric generation needs as evidenced by a water management plan developed by the holder and consistent with projections of future water needs contained in the state water plan; or
- (4) if the permit, certified filing, or certificate of adjudication was obtained as the result of the construction of a reservoir funded, in whole or in part, by the holder of the permit, certified filing, or certificate of adjudication as part of the holder's long-term water planning.

SECTION 19. Section 11.177(b), Water Code, is amended to read as follows:

- (b) In determining what constitutes reasonable diligence or a justified nonuse as used in Subsection (a)(2) of this section, the commission shall give consideration to:
- (1) whether sufficient water is available in the source of supply to meet all or part of the appropriation during the 10-year period of nonuse;
- (2) whether the nonuse is justified by the holder's participation in the federal Conservation Reserve Program or a similar governmental program as provided by Section 11.173(b)(1) of

this code;

(3) [whether---the---permity---certified---filingy--or certificate-of--adjudication--was--obtained--to--meet--demonstrated long-term--public--water--supply--or--electric--generation-needs-as evidenced-by-a-water-management-plan-developed-by--the--holder--and consistent--with-projections-of-future-water-needs-contained-in-the state-water-plan;

[(4)--whether--the---permit,---certified---filing,---or certificate--of--adjudication--was--obtained--as--the-result-of-the construction-of-a-reservoir-funded,-in-whole-or--in--part,--by--the holder---of---the--permit,--certified--filing,--or--certificate--of adjudication-as-part-of-the-holder-s-long-term-water-planning;

[(5)] whether the existing or proposed authorized purpose and place of use are consistent with an approved regional water plan as provided by Section 16.053 of this code;

(4) [(6)] whether the permit, certified filing, or certificate of adjudication has been deposited into the Texas Water Bank as provided by Sections 15.7031 and 15.704 of this code or whether it can be shown that the water right or water available under the right is currently being made available for purchase through private marketing efforts; or

(5) [(7)] whether the permit, certified filing, or certificate of adjudication has been reserved to provide for instream flows or bay and estuary inflows.

SECTION 20. Sections 12.052(c), (d), (e), and (f), Water Code, are amended to read as follows:

(c) The [#f-the] owner of a dam that is required to be

constructed, reconstructed, repaired, or removed in order to comply with the rules and orders promulgated under Subsection (a) of this section may not wilfully fail [fails] or refuse [refuses] to comply within the 30-day period following the date of the commission's final, nonappealable order to do so and may not [or--if--a--person] wilfully fail [fails] to comply with any rule or other order issued by the commission under this section within the 30-day period following the effective date of the order[7--he--is--liable--to--a penalty--of-not-more-than-\$57000-a-day-for-each-day-he-continues-to violate-this-section---The-state-may-recover-the--penalty--by--suit brought-for-that-purpose-in-the-district-court-of-Travis-County].

- (d) The commission may issue an emergency works safety order under Section 5.519 [#f-the-commission-determines-that-the-existing condition-of-the-dam-is-creating-or-will-cause-extensive-or-severe property-damage-or-economic-loss-to-others-or-is-posing-an immediate-and-serious-threat-to-human-life-or-health-and-that-other procedures-available-to-the-commission-to-remedy-or-prevent-the occurrence-of-the-situation-will-result-in-unreasonable-delay7-the commission-may--issue--an-emergency--order7--either--mandatory--or prohibitory--in--nature7--directing--the--owner-of-a-dam-to-repair7 modify7-maintain7-dewater7-or-remove-the-dam-which--the--commission determines--is--unsafe---The-emergency-order-may-be-issued-without notice-to-the-dam-owner-or-with--notice--the--commission--considers practicable--under--the-circumstances---The-notice-does-not-have-to comply-with-Chapter-20017-Government-Code].
- (e) [#f-the--commission--issues--an--emergency--order--under authority--of--this--section--without--notice-to-the-dam-owner;--the

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commission-shall-fix-a-time-and-place-for-a-hearing-which-shall-be held-as-soon-as-practicable-to-affirm;-modify;-or-set-aside-the emergency-order:--The-notice-does-not-have-to-comply--with--Chapter 2001;--Government--Code:---If-the-nature-of-the-commission-s-action requires-further-proceedings;-those-proceedings-shall-be--conducted as---appropriate--under--the--Administrative--Procedure--and--Texas Register-Act;-as-amended-(Article-6252-13a;--Vernon-s--Texas--Civil Statutes):

[{f}] Nothing in this section or in rules or orders made by the commission shall be construed to relieve an owner or operator of a dam or reservoir of the legal duties, obligations, or liabilities incident to ownership or operation.

SECTION 21. Section 13.411, Water Code, is transferred to Subchapter B, Chapter 7, Water Code, renumbered as Section 7.0325, and amended to read as follows:

Sec. 7.0325 [13.411]. ACTION TO ENJOIN OR REQUIRE If the commission has COMPLIANCE: RETAIL PUBLIC UTILITIES. (a) reason to believe that any retail public utility or any other person or corporation is engaged in or is about to engage in any act in violation of Chapter 13 [this-chapter] or of any order or rule of the commission entered or adopted under Chapter 13 [this chapter] or that any retail public utility or any other person or corporation is failing to comply with Chapter 13, [this-chapter] or with any rule or order, the attorney general on request of the commission, in addition to any other remedies provided in this chapter, shall bring an action in a court of competent jurisdiction in the name of and on behalf of the commission against the retail

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public utility or other person or corporation to enjoin the commencement or continuation of any act or to require compliance with Chapter 13 [this-chapter] or the rule or order.

- (b) If the executive director has reason to believe that the failure of the owner or operator of a water utility to properly operate, maintain, or provide adequate facilities presents an imminent threat to human health or safety, the executive director shall immediately:
 - (1) notify the utility's representative; and
 - (2) initiate enforcement action consistent with:
 - (A) this subchapter; and
 - (B) procedural rules adopted by the commission.

SECTION 22. Chapter 7, Water Code, is amended by adding Subchapter I, and Sections 13.412, 13.4131, and 13.4132, Water Code, are transferred to Subchapter I, Chapter 7, Water Code, redesignated as Sections 7.401, 7.402, and 7.403, and amended to read as follows:

SUBCHAPTER I. RECEIVERSHIP; SUPERVISION OF CERTAIN UTILITIES

Sec. 7.401 [±3.4±2]. RECEIVERSHIP. (a) At the request of the commission, the attorney general shall bring suit for the appointment of a receiver to collect the assets and carry on the business of a water or sewer utility that:

- (1) has abandoned operation of its facilities;
- (2) informs the commission that the owner is abandoning the system;
 - (3) violates a final order of the commission; or
 - (4) allows any property owned or controlled by it to

be used in violation of a final order of the commission.

- (b) The court shall appoint a receiver if an appointment is necessary:
- (1) to guarantee the collection of assessments, fees, penalties, or interest;
- (2) to guarantee continuous and adequate service to the customers of the utility; or
- (3) to prevent continued or repeated violation of the final order.
- (c) The receiver shall execute a bond to assure the proper performance of the receiver's duties in an amount to be set by the court.
- (d) After appointment and execution of bond, the receiver shall take possession of the assets of the utility specified by the court. Until discharged by the court, the receiver shall perform the duties that the court directs to preserve the assets and carry on the business of the utility and shall strictly observe the final order involved.
- (e) On a showing of good cause by the utility, the court may dissolve the receivership and order the assets and control of the business returned to the utility.
- (f) For purposes of this section and Section 7.403 [13:4132], abandonment may include but is not limited to:
- (1) failure to pay a bill or obligation owed to a retail public utility or to an electric or gas utility with the result that the utility service provider has issued a notice of discontinuance of necessary services;

- (2) failure to provide appropriate water or wastewater treatment so that a potential health hazard results;
- (3) failure to adequately maintain facilities, resulting in potential health hazards, extended outages, or repeated service interruptions;
- (4) failure to provide customers adequate notice of a health hazard or potential health hazard;
- (5) failure to secure an alternative available water supply during an outage;
- (6) displaying a pattern of hostility toward or repeatedly failing to respond to the commission or the utility's customers; and
- (7) failure to provide the commission with adequate information on how to contact the utility for normal business and emergency purposes.
- (g) Notwithstanding Section 64.021, Civil Practice and Remedies Code, a receiver appointed under this section may seek commission approval to acquire the water or sewer utility's facilities and transfer the utility's certificate of convenience and necessity. The receiver must apply in accordance with Subchapter H, Chapter 13.
 - Sec. 7.402 [13.4131]. SUPERVISION OF CERTAIN UTILITIES. (a) The commission, after providing to the utility notice and an opportunity for a hearing, may place a utility under supervision for gross or continuing mismanagement, gross or continuing noncompliance with Chapter 13 [this-chapter] or commission rules, or noncompliance with commission orders.

- (b) While supervising a utility, the commission may require the utility to:
 - (1) meet [abide--by] conditions and requirements prescribed by the commission, including:
 - (A) [(1)] management requirements;
 - (B) [(2)] additional reporting requirements;
 - (C) [$\{3\}$] restrictions on hiring, salary or benefit increases, capital investment, borrowing, stock issuance or dividend declarations, and liquidation of assets; and
 - (D) [(4)] a requirement that the utility place the utility's funds into an account in a financial institution approved by the commission and use of those funds shall be restricted to reasonable and necessary utility expenses; and
 - (2) [---(c)--While----supervising---a---utility,---the commission-may-require-that-the-utility] obtain commission approval before taking an [any] action [that--may--be] restricted under Subdivision (1) [Subsection-(b)] of this section.
 - (c) An [Any] action or transaction for which commission approval is required by this section that [which] occurs without commission approval may be voided by the commission.
 - Sec. 7.403 [+3.4+32]. OPERATION OF UTILITY THAT DISCONTINUES OPERATION OR IS REFERRED FOR APPOINTMENT OF RECEIVER. (a) The commission, after providing to the utility notice and an opportunity to be heard by the commissioners at a commission meeting, may authorize a willing person to temporarily manage and operate a utility if the utility:
 - (1) has discontinued or abandoned operations or the

provision of services; or

- (2) has been or is being referred to the attorney general for the appointment of a receiver under Section 7.401 [13.412].
- (b) The commission may appoint a person under this section by emergency order under Section 5.507 and may authorize an emergency rate increase by emergency order under Section 5.508[7 and-notice-of-the-action-is-adequate-if-the--notice--is--mailed--or hand-delivered---to---the--last--known--address--of--the--utility's headquarters].
- (c) A person appointed under this section has the powers and duties necessary to ensure the continued operation of the utility and the provision of continuous and adequate services to customers, including the power and duty to:
 - (1) read meters;
 - (2) bill for utility services;
 - (3) collect revenues;
 - (4) disburse funds;
 - (5) access all system components; and
 - (6) request rate increases.
- (d) This section does not affect the authority of the commission to pursue an enforcement claim against a utility or an affiliated interest.
- SECTION 23. Section 13.414, Water Code, is amended to read as follows:
- Sec. 13.414. <u>VIOLATION BY [PENALTY--AGAINST]</u> RETAIL PUBLIC UTILITY OR AFFILIATED INTEREST. <u>A [(a)-Any]</u> retail public utility

or affiliated interest <u>may not violate</u> [that--violates] this chapter, <u>fail</u> [fails] to perform a duty imposed on it, or <u>fail</u>, <u>neglect</u>, [fails,--neglects,] or <u>refuse</u> [refuses] to obey an order, rule, direction, or requirement of the commission or decree or judgment of a court [is-subject-to-a-civil-penalty-of-not-less-than \$100-nor-more-than-\$5,000-for-each-violation].

[(b)--A--retail-public-utility-or-affiliated-interest-commits a-separate-violation-each-day-it-continues--to--violate--Subsection (a)-of-this-section.

[(c)--The--attorney--general--shall-institute-suit-on-his-own initiative-or-at-the-request-of;-in-the-name-of;-and-on--behalf--of the--commission-in-a-court-of-competent-jurisdiction-to-recover-the penalty-under-this-section:]

SECTION 24. Section 13.417, Water Code, is transferred to Subchapter B, Chapter 7, Water Code, renumbered as Section 7.034, Water Code, and amended to read as follows:

Sec. 7.034 [+3.4+7]. CONTEMPT PROCEEDINGS IN UTILITY ACTION.

If any person or retail public utility fails to comply with any lawful order of the commission issued under Chapter 13 or with any subpoena or subpoena duces tecum issued in a proceeding under Chapter 13 or if any witness refuses to testify about any matter on which he may be lawfully interrogated in a proceeding under Chapter 13, the commission may apply to any court of competent jurisdiction to compel obedience by proceedings for contempt.

SECTION 25. Chapter 35, Water Code, is amended by adding Section 35.010 to read as follows:

Sec. 35.010. CREATION OF DISTRICTS ON PETITION AFTER

DESIGNATION OF PRIORITY GROUNDWATER MANAGEMENT AREA. The commission may not consider the creation of a groundwater conservation district in a designated priority groundwater management area before the conclusion of the next regular session of the Texas Legislature following the designation unless the local landowners have initiated a petition process under Chapter 36 for the creation of a groundwater conservation district with a priority groundwater management area.

SECTION 26. Section 35.012, Water Code, is amended by adding new Subsections (c) and (d), relettering existing Subsections (c), (d), (e), and (f) as Subsections (e), (f), (g), and (h), and amending existing Subsection (d), to read as follows:

- commission order designating a priority groundwater management area is issued, the commission shall send written notice of the commission's actions to each landowner in the designated priority groundwater management area at the landowner's most recent known address as shown in the tax rolls of the county in which the land is located. The notice must include the commission's findings and conclusions from the data and information considered in designating the priority groundwater management area and the commission's recommendation regarding the need for a groundwater conservation district in the priority groundwater management area.
- (d) As soon as possible after a commission order designating a priority groundwater management area, the Texas Agricultural Extension Service shall begin an educational program within the area with the assistance and cooperation of the Texas Water

Development Board, the commission, other state agencies, and existing districts to inform the residents of the status of the area's water resources and management options including possible formation of a district.

- (e) Following the issuance of a commission order under Subsection (b), the landowners in the priority groundwater management area may:
- (1) create one or more districts under Subchapter B, Chapter 36;
- (2) have the area annexed to a district that adjoins the area; or
- (3) create one or more districts through the legislative process.
- (f) [(d)] The commission shall identify the areas subject to the order of the commission issued under Subsection (b) that have not been incorporated into a district and shall delineate proposed boundaries of a district to include those areas. [#f--the commission-proposes-the-creation-of--one--or--more--districts;--the Texas--Agricultural--Extension--Service--shall-begin-an-educational program-within-such-areas-with-the-assistance--and--cooperation--of the--Texas--Water--Development--Board;--the-commission;-other-state agencies;-and-existing-districts-to-inform--the--residents--of--the status--of--the--area's--water--resources--and--management--options including--possible--formation--of-a-district;-before-beginning-the procedures-for-creation-of-a-district--provided--in--Subchapter--B; Chapter-36-]
 - (g) [(e)] If the commission fails to find that the district

utility, the commission shall issue an order containing these findings granting the petition or adopting the proposal, as appropriate.

- (b) If the commission finds that a district is not feasible and practicable, that it would not be a benefit to the land in the district, that it would not be a public benefit or utility, or that it is not needed, the commission by order shall deny the petition or reject the proposal, as appropriate.
- (c) The commission may adjust the boundaries of the proposed district to exclude any land that would not be benefited by inclusion in the district and is not necessary to the district for proper regulation of the groundwater reservoir.
- (d) If the commission grants the petition or adopts the proposal to create the district, it shall direct in its order creating the district that an election be called by the temporary directors to confirm the creation of the district and to elect permanent directors.
- (e) [The-refusal-to-grant-a-petition-to--create--a--district does--not--invalidate--or--affect-the-designation-of-any-management area-requested-in-the-same-petition.
- [+f+] The commission shall act on the petition or its proposal within a reasonable amount of time.
- SECTION 29. Section 36.0151, Water Code, is amended to read as follows:
- Sec. 36.0151. NOTICE OF CREATION BY COMMISSION OF DISTRICT FOR PRIORITY GROUNDWATER MANAGEMENT AREA. [(a)--if-the-commission proposes-that-a-district-be-created--under--Section--35-012(d)7--it

shall--in--its--order--creating-the-district-provide-that-temporary directors-be-appointed-under-Section-36-016-and-that-an-election-be called-by-the-temporary-directors-to-confirm-the--creation--of--the district-and-to-elect-permanent-directors-

[(b)] The commission shall notify the county commissioners court of each county with territory in the district of the district's creation as soon as practicable after issuing the order under Section 36.015(a) creating a [the] district proposed by the commission under Section 35.012(b).

SECTION 30. Section 36.108, Water Code, is amended to read as follows:

Sec. 36.108. JOINT PLANNING IN MANAGEMENT AREA OR PRIORITY GROUNDWATER MANAGEMENT AREA. (a) If two or more districts are located within the boundaries of the same management area or priority groundwater management area, each district shall prepare a comprehensive management plan as required by Section 36.1071 covering that district's respective territory. On completion of the plan, each district shall forward a copy of the new revised management plan to the other districts in the management area or priority groundwater management area.

(b) The board of directors of each district in the management area or priority groundwater management area may, by resolution, call a joint meeting with the boards of directors of the other districts in the management area or priority groundwater management area to review the management plans and accomplishments for the management area or priority groundwater management area. The boards shall meet to consider the plans individually and shall

compare them to other management plans then in force in the management area. In reviewing the management plans, the boards shall consider:

- (1) the goals of each management plan and its impact on planning throughout the management area or priority groundwater management area;
- (2) the effectiveness of the measures established by each management plan for conserving and protecting groundwater and preventing waste, and the effectiveness of these measures in the management area or priority groundwater management area generally; and
- (3) any other matters that the boards consider relevant to the protection and conservation of groundwater and the prevention of waste in the management area or priority groundwater management area.
- (c) A joint meeting of the boards of directors must be held in accordance with the Open Meetings Act, Chapter 551, Government Code. Notice of the meeting shall be given in accordance with the requirements for notice of district board of directors meetings under that Act. In addition, notice of the meeting shall be published not later than the 30th day before the date of the scheduled meeting in a newspaper with general circulation in each county in the management area or priority groundwater management area.
- (d) A district in the management area <u>or priority</u> groundwater management area may file a petition with the commission requesting an inquiry if the petitioner district believes that:

- (1) another district in the management area or priority groundwater management area has failed to adopt rules;
- (2) the groundwater in the management area or priority groundwater management area is not adequately protected by the rules adopted by another district; or
- (3) the groundwater in the management area or priority groundwater management area is not adequately protected due to the failure of another district to enforce substantial compliance with its rules.
- (e) Not later than the 90th day after the date the petition is filed, the commission shall review the petition and either:
- (1) dismiss it if it finds that the evidence is not adequate to show that any of the conditions alleged in the petition exist; or
- (2) select a review panel as provided in Subsection (f).
- (f) The commission may appoint a review panel consisting of a chairman and four other members. A director or general manager of a district located outside the management area or priority groundwater management area that is the subject of the petition may be appointed to the review panel. The commission may not appoint more than two members of the review panel from any one district. The commission also shall appoint a disinterested person to serve as a nonvoting recording secretary for the review panel. The recording secretary may be an employee of the commission. The recording secretary shall record and document the proceedings of the panel.

(g) Not later than the 120th day after appointment, the
review panel shall review the petition and any evidence relevant to
the petition and, in a public meeting, prepare a report to the
commission. The commission may direct the review panel to conduct
public hearings at a location in the management area or priority
groundwater management area to take evidence on the petition. The
review panel may attempt to negotiate a settlement or resolve the
dispute by any lawful means.

- (h) In its report, the review panel shall include:
- (1) a summary of all evidence taken in any hearing on the petition;
- (2) a list of findings and recommended actions appropriate for the commission to take and the reasons it finds those actions appropriate; and
- (3) any other information the panel considers appropriate.

SECTION 31. Section 341.047, Health and Safety Code, is transferred to Subchapter E, Chapter 7, Water Code, redesignated as Section 7.1605, Water Code, and amended to read as follows:

Sec. 7.1605 [341-047]. <u>VIOLATIONS RELATING TO PUBLIC</u>

<u>DRINKING WATER</u> [CRIMINAL--PENALTY]. (a) A person commits an offense if the person:

- (1) violates a provision of Section 341.031, Health and Safety Code;
- (2) violates a provision of Section 341.032(a) or (b).

 Health and Safety Code;
 - (3) violates a provision of Section 341.033(a)-(f),

Health and Safety Code;

Δ

- (4) constructs a drinking water supply system without submitting completed plans and specifications as required by Section 341.035(c), Health and Safety Code;
- (5) begins construction of a drinking water supply system without the commission's approval as required by Section 341.035(a), Health and Safety Code;
- (6) violates a provision of Section 341.0351 or 341.0352, Health and Safety Code;
- (7) fails to remove a sign as required by Section 341.0354, Health and Safety Code; or
- (8) violates a provision of Section 341.036, Health and Safety Code.
- (b) An offense under Subsection (a) is a Class C misdemeanor.
- (c) If it is shown on a trial of the defendant that the defendant has been convicted of an offense under Subsection (a) within a year before the date on which the offense being tried occurred, the subsequent offense under Subsection (a) is a Class B misdemeanor.
- (d) Each day of a continuing violation is a separate offense.
- SECTION 32. Section 341.048, Health and Safety Code, is amended to read as follows:
- Sec. 341.048. <u>VIOLATION</u> [ETVID-ENFORCEMENT]. [(a)] A person may not cause, suffer, allow, or permit a violation of this subchapter or a rule or order adopted under this subchapter.

2	violationunderthis-subchapter-shall-be-assessed-a-civil-penalty
3	of-not-less-than-\$50-nor-more-than-\$1,000-for-each-violationEach
4	day-of-a-continuing-violation-is-a-separate-violation-
5	[(c)If-it-appears-that-a-person-has-violated;-is-violating;
6	or-threatens-to-violate-aprovisionunderthissubchapter,the
7	commission,a-county,-or-a-municipality-may-institute-a-civil-suit
8	in-a-district-court-for:
9	[++)injunctive-relief-torestrainthepersonfrom
10	continuing-the-violation-or-threat-of-violation;
11	[(2)theassessmentand-recovery-of-a-civil-penalty;
12	or
13	[+3)both-injunctive-relief-and-a-civil-penalty-
14	[(d)The-commission-is-a-necessary-andindispensableparty
15	in-a-suit-brought-by-a-county-or-municipality-under-this-section-
16	[te) On-the-commission's-request; -the-attorney-general-shall
17	institute-a-suit-in-the-name-of-the-state-for-injunctive-relief,-to
18	recoveracivilpenalty7-or-for-both-injunctive-relief-and-civil
19	penalty.
20	[+f)The-suit-may-be-brought-in-
21	[(1) Travis-County;
22	[(2)the-county-in-which-the-defendant-resides;-or
23	[(3)the-county-in-which-the-violationorthreatof
24	violation-occurs:
25	[(g)Inasuit-under-this-section-to-enjoin-a-violation-or
26	threat-of-violation-of-this-subchapter,-the-court-shallgrantthe
27	state7county7-or-municipality7-without-bond-or-other-undertaking7

[(b)--A-person-who-causes;--suffers;--allows;--or--permits--a

any-injunction-that--the--facts--may--warrant--including--temporary restraining-orders,-temporary-injunctions-after-notice-and-hearing, and-permanent-injunctions.

[(h)--Eivil--penalties-recovered-in-a-suit-brought-under-this section-by-a--county--or--municipality--shall--be--equally--divided between:

[+1}--the-state;-and

[+2)--the-county-or-municipality-that-first-brought-the suit-]

SECTION 33. (a) The following sections of the Water Code are repealed:

- (1) Section 11.082;
- (2) Sections 11.0841 and 11.0842;
- (3) Sections 13.4151 and 13.416; and
- (4) Section 13.418.
- (b) Sections 341.049 and 341.050, Health and Safety Code, are repealed.

SECTION 34. This Act takes effect September 1, 1999.

SECTION 35. (a) The changes in law made by this Act apply only to an offense committed or a violation or threat of violation that occurs on or after September 1, 1999. For purposes of this section an offense is committed and a violation or threat of violation occurs before September 1, 1999, if any element of the offense, violation, or threat of violation occurs before that date.

(b) An offense committed or a violation or threat of violation that occurred before September 1, 1999, is covered by the law in effect when the offense was committed or the violation or

threat of violation occurred, and the former law is continued in effect for that purpose.

SECTION 36. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended.

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H.B. No.	5804

A BILL TO BE ENTITLED AN ACT

By Con Lewis	4	
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Relating to the development and management of water resources.

	_ Filed with the Chief Clerk Natural Resources
MAR 1 5 1999	Read first time and referred to Committee on
	Reportedfavorably (as amended) (as substituted)
	Sent to Committee on (Calendars) (Local & Consent Calendars)
· · · · · · · · · · · · · · · · · · ·	Read second time (comm. subst.) (amended); passed to third reading (failed) by a (non-record vote) (record vote of yeas, nays, present, not voting)
	Constitutional rule requiring bills to be read on three several days suspended (failed to suspend) by a vote of yeas, nays, present, not voting
	Read third time (amended); finally passed (failed to pass) by a (non-record vote) (record vote of yeas, nays, present, not voting)
	Engrossed
	Sent to Senate CHIEF CLERK OF THE HOUSE
	Received from the House
	Received from the House Read and referred to Committee on
THE WAR TO SEE THE SECOND SECO	Read and referred to Committee on
	Read and referred to Committee on
	Read and referred to Committee on
	Read and referred to Committee on
	Reported favorably
	Reported favorably
	Reported favorably

	Returned from the Senate (as substituted) (with amendments)
	House concurred in Senate amendments by a (non-record vote) (record vote of yeas, present, not voting)
	House refused to concur in Senate amendments and requested the appointment of a conference committee by a (non-record vote) (record vote of yeas, nays, present, not voting)
	House conferees appointed:, Chair;,
	Senate granted House request. Senate conferees appointed:, Chair;
	Conference committee report adopted (rejected) by the House by a (non-record vote) (record vote of yeas, nays, present, not voting)
	Conference committee report adopted (rejected) by the Senate by a (viva voce vote) (record vote of yeas, nays)